

**SUMMARY OF MOTIONS**  
**Commerce & Industry Board Meeting**  
**Baton Rouge, Louisiana**  
**November, 13, 2002**

**MINUTES**

- A motion was made to approve the October 23, 2002 C & I Board Minutes by Secretary Don Hutchinson, seconded by John G. Vickers. Motion carried 11/0.

**QUALITY JOBS**

**Applications**

- A motion was made to approve all applications by John G. Vickers, seconded by John Friend. Motion carried 11/0.
- A motion was made to approve the Transfer of Ownership of Liebhardt, Inc. to WestPoint Stevens, Inc. by Secretary Don Hutchinson, seconded by Rustin D. Johnson. Motion carried 11/0.

**RESTORATION TAX ABATEMENT**

**New Applications**

- A motion was made to approve two applications by Richard L. Lucas, seconded by Secretary Don Hutchinson. Motion carried 11/0.
- A motion was made to defer The Bailey Hotel, LLC by Richard Lucas, seconded by Chairman Arthur Green. Motion carried 11/0.

**ENTERPRISE ZONE**

**Applications**

- A motion was made to approve the Contract Name Changes by Richard L. Lucas, seconded by Mayor Harold L. Cornett. Motion carried 11/0.
- A motion was made to approve the contract cancellations by Marjorie McKeithen, seconded by Rustin D. Johnson. Motion carried 11/0.
- A motion was made to approve the October 23, 2002 deferrals by Rodney Braxton, seconded by Rustin D. Johnson. Motion carried 11/0.
- A motion was made to approve all of the remaining applications except two by Gordon A. Burgess, seconded by John G. Vickers. Motion carried 10/1 with Marjorie McKeithen abstaining.
- A motion was made to defer Richwood Correctional Center, LLC and River Correctional Center, LLC by Mayor Harold L. Cornett, seconded by Secretary Don Hutchinson. Motion carried 11/0.

## **INDUSTRIAL TAX EXEMPTION**

### **Applications**

- A motion was made to defer Capro, Inc. by Rustin D. Johnson, seconded by John Friend. Motion carried 11/0.
- A motion was made to approve the remaining new applications by John G. Vickers, seconded by Mayor Harold L. Cornett. Motion carried 11/0.
- A motion was made to approve the renewal applications by Rodney Braxton, seconded by Secretary Don Hutchinson. Motion carried 11/0.

### **OLD BUSINESS**

- A motion was made to approve the C & I Board meeting date change to every other month by Chairman Arthur D. Green, seconded by Richard L. Lucas. Motion carried 11/0.

# **C & I BOARD MEETING MINUTES**

## **BATON ROUGE, LOUISIANA**

### **NOVEMBER 13, 2002**

**Board Members Present:** Gordon A. Burgess, Mayor Harold L. Cornett, Governor M.J. “Mike” Foster represented by Rodney Braxton, John Friend, Chairman Arthur D. Green, Secretary Don Hutchinson, Rustin D. “Rusty” Johnson, Richard L. Lucas, Marjorie McKeithen, Phillip Montelepre and John G. Vickers.

**Board Members Absent:** Lt. Gov. Kathleen B. Blanco, John R. “Red” Bourg, Sr., Christopher Coulon, Gerald M. Johnson, Noel A. Murano and C. Wade Shaddock.

**Guest Present:** Sally Stevens, Blues Project; Tom McNabb, Bailey Hotel; Stewart Madison, Gary Dressler, Gregory P. Martin, Jimmy Leonard, Don Allison, KPMG; Don Allison, W. E. (Bill) Heck, David Fulbright, James Kowitz, Murphy Oil USA, Inc.; Lester G. Rogers, Basic Your Best Buy; David Levy, Decatur/Cotton Exchange; Doug LeBleu, Time Resource, Pat Joffrion, No Problem Raceway Park, LLC; Belton Didier, Didier Consultant; David Ngo, Dow; Bob Adair, Entergy and Nick Lemoine, Lemoine Consulting Services, LLC.

#### **ROLL CALL**

Chairman, Arthur D. Green called the meeting to order at 1:35 with 9 Board Members present at the time roll call.

#### **APPROVAL OF THE MINUTES**

Mr. Green confirmed with Marylyn Friedkin that Wal-mart was on the agenda and recalled the discussion concerning the legalities of the Enterprise Zone Employee Certifications. He pointed out that a committee comprised of three board members; Mr. Shaddock, Mr. Friend, Ms. McKeithen and Mike Williams had been appointed and that he was very eager to hear from that committee. Mr. Friend requested a correction be made in the minutes to reflect a change on page ten. Mr. Friend stated that he did not say, “the name change or more specifically to change ownership from a corporate form of business to a limited partnership involving 3,300 employees would be dangerous and should be done by the legislature”, and nor did he say “the companies doing that were doing so to avoid the franchise tax”.

- **A motion was made by Secretary Don Hutchinson, seconded by John G. Vickers to approve the October 23, 2002 minutes as amended. Motion carried unanimously.**

## **QUALITY JOBS**

Kay Wallace presented four Quality Job applications to the Board. She noted that the Cajun Valve Services, LLC application will be looked at under the new legislation that went into affect May 1, 2002. The other applications were filed prior to that and will continue to be under the old rules. Mr. Green questioned why Cajun Valve Services, LLC is being handled under the new legislation. Kay replied that the Advance Notification was received after May 1, 2002 and falls under the new legislation. The payroll under the new provision can either be 250,000 or 500,000 depending on the size of the company. Mr. Friend asked what Newton & Associates, Inc. did. Kay answered that they were a telephone collection service.

- **A motion was made by John G. Vickers, seconded by John Friend to approve all applications. Motion carried unanimously.**

Kay also presented 1 Transfer of Ownership application.

- **A motion was made by Secretary Don Hutchinson, seconded by Rustin D. “Rusty” Johnson to approve Liebhardt, Inc. transfer of ownership application to WestPoint Stevens, Inc. Motion carried unanimously.**

## RESTORATION TAX ABATEMENT

Ed Baker presented 3 applications for Restoration Tax Abatement along with a request to defer The Baily Hotel, LLC.

Mr. Green asked what kind of company DMRB was. Ed stated that they were in the business of restoring properties to be used for offices.

### STATE OF LOUISIANA BOARD OF COMMERCE & INDUSTRY

Wednesday, November 13, 2002  
RESTORATION TAX ABATEMENT PROGRAM

Staff recommends approval of the

#### NEW APPLICATION(S)

Application Number	Property Owner Project Location		Project Est'd Amount	Estimated Taxes Deferred	Perm Jobs	Const Jobs	Construction Payroll
2000-0544-72	Scandinavia, Inc. 108-12 Clearview Pkwy Metairie	Jefferson	\$250,000	\$19,241	11	10	\$25,000
2001-0428-76	D M R B Properties LLC 4001 Division St. Metairie	Jefferson	\$282,147	\$21,715	0	12	\$124,145
2002-0365-54	The Bailey Hotel, LLC 200 West Magnolia Bunkie	Avoyelles	\$991,000	\$14,783	40	30	\$100,000
3	Application	Totals	\$1,523,147	\$55,739	51	52	\$249,145

- A motion was made by Richard Lucas, seconded by Secretary Don Hutchinson to approve Scandinavia, Inc., and DMRB Properties, LLC. Motion carried unanimously.
- A motion was made by Rustin D. Johnson, seconded by John Friend to defer The Bailey Hotel, LLC. Motion carried unanimously.

## **ENTERPRISE ZONE**

Marylyn Friedkin presented 12 contract name changes.

- **A motion was made by Richard L. Lucas, seconded by Mayor Harold L. Cornett to approve all contract name changes. Motion carried unanimously.**

## **ENTERPRISE ZONE PROGRAM: Special Requests November 13, 2002**

### **I. Contract Name Change**

Contract 1998-0598	Pioneer Americas, Inc. Company is requesting a name change.
	From: Pioneer Americas, Inc. To: Pioneer Americas, LLC
Contract 1999-0247	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LP
Contract 2000-0407	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LP
Contract 1999-0502	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 1999-0503	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 1999-0599	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 1999-0600	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC

Contract 1999-0601	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 2000-0458	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 2000-0462	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 2000-0463	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC
Contract 2000-0464	From: Wal*Mart Stores East, Inc. To: Wal*Mart Stores East, LLC

Marylyn presented three contract cancellations.

- **A motion was made by Marjorie McKeithen, seconded by Rustin D. Johnson to approve the contract cancellations. Motion carried unanimously.**

## **II. Contract Cancellation**

Contract 1994-0036	BCI Louisiana, LLC Company has closed their facility.
Contract 1998-0283	Universal Services Company did not meet the hiring requirements.
Contract 2001-0014	Williams Communications, LLC Company did not meet the hiring requirements.

## **ENTERPRISE ZONE (continues)**

Marylyn presented contracts deferred from the October 23, 2002 meeting.

Marylyn began by reminding the board that the contracts were deferred because of the discrepancy in the number of employees. Mr. Friend began by reiterating points of discussion and concerns about the employee certification process from the October 23, 2002 meeting that required clarification by some additional information that Marylyn provided this time. For instance the employee certification report that Marylyn included for Gulf Island, LLC dated September 30, 2002. Mr. Friend stated he doesn't understand the application. Marylyn said they requested a snap shot for one day. She said a lot of these places shut down for repairs or whatever. Whenever you are in manufacturing facilities, it is better to tell everyone you are going to shut down or take a vacation at this time. As for Gulf Island, the snap shot would verify how many people they had working at that facility that day. They're not counting the ones that were on vacation pay.

Ms. McKeithen had concerns about two problems that rely on the contract installation process. First, the Department of Revenue receives a credit that later will have to be taken back, which wouldn't happen if the process was done correctly from the beginning. Second, the procedure requires us to look at this to make sure they meet the requirements in advance before we approve it and if it turns out later, they didn't meet the requirement, this would provide us with a safety net. Otherwise, why would we vote on this? We could just skip this step and rely on the employee certification form.

Mr. Green stated that once they get the 5 new jobs...they qualify. The purpose of our voting initially is to tell them their business qualifies. Ms. McKeithen wanted to know, using the Bollinger application for an example, what she has that she didn't have before. Marylyn told her she has the employee certification.

Mr. Green suggested the committee appointed last month sit down with Marylyn to clarify the procedure or make suggestions. Mr. Lucas stated that this was not the purpose of the committee.

Ms. McKeithen, stated that she thought what they wanted today was to receive information from the companies as to why the numbers didn't match up. Mr. Green verified with Marylyn that this additional information was provided. Mr. Lucas stated that one of the things that stand out in the business information section of the application shows the number of employees at the beginning of the project and at the end of the project. They are supposed to create net new jobs over and above what it was before. Bollinger for example showed 172 employees the day before construction began and 113 after the project was completed but they still have 2 years to add to that. And, should be approved based on their certification that they will.

Ms. McKeithen stated that instead of giving us the report that was actually submitted, Marylyn is providing us with her response to a report that was turned into her stating they created 32 new jobs. Marylyn's answer was yes and the same report is turned into the Department of Revenue.



## **ENTERPRISE ZONE (continues)**

Mr. Braxton inquired if the employee certification report is a document put together by DED, or something the company puts together based on the stuff they are required to file with the Department of Labor. Marylyn responded that the forms are put together by DED and mailed to the company. The company completes them and sends her copies of the report and also copies of what is filed with the Department of labor.

- **A motion was made by Rodney Braxton, seconded by Rustin D. Johnson to approve all of the deferred contracts. Motion carried unanimously.**

## **ENTERPRISE ZONE (continues)**

Marylyn Friedkin presented 21 Enterprise Zone applications for approval.

Mr. Lucas pulled Joey Oyster, Inc. and Basic Your Best Buy, Inc. because the net number of employees shown on the application is a negative number on both of these applications and relative to the same situation we've been discussing. Marylyn stated the application submitted by Basic Your Best Buy, Inc. shows 83 and a hand written 99, the application was filed on the internet and for some reason is not counting the numbers correctly. Mr. Lucas noted that Joey Oyster prior to construction showed 75 and at the end of construction they 70. Yet, we are relying on the employee certification. Marylyn stated that Joey Oyster, Inc. is an oyster shucking company and if they don't comply with the employee certification, the contract will be cancelled.

Mr. Friend commented that on the application summary under project description it says built a replacement oyster processing plant. Marylyn said they shut one down. It was cheaper to build a new facility and put new equipment in there than it was to modernize the old one. Mr. Friend inquired about the old employees and the new ones. Marylyn informed him that the old ones moved with the company and 108 more were added.

Ms. McKeithen asked if Joey Oyster, Inc. had completed the employee certification form. Marylyn answered no they had not. Ms. McKeithen moved to defer Joey Oyster, Inc. for a lack of additional information. She also noted that by their own information provided on the application, they don't qualify. The motion died for lack of a second.

Darryl Manning stated that at this time you can't tell if they qualify or not because they have until April, 2003. Just because they have 70 instead of the 75 they started with doesn't mean they don't qualify. If the project began in April, 01, they have until April 03 to actually increase their employment, so at this point we can't tell. Basically, what we have done all along is approved these contracts prospectively so these companies can get their sales tax rebates. We don't make them wait the 2 years to see if they qualify or not. We could operate the program that way, but I think we have done it this way in the past because some of these small companies need the sales tax rebate in order to operate.

Ms. McKeithen is concerned that the board is approving applications that, on their face, don't appear to meet the requirements of the programs. Ms. McKeithen suggested that, if the board continued that practice, why even bother voting on the applications. She also suggested the board do away with voting on this. Mr. Burgess stated that he is very familiar with Joey Oyster and recommended approval by the board. Secretary Hutchinson assured the board that by giving the companies an approval the companies are getting a green light which allows them to move forward to get these rebates at the appropriate time. Another way to do this; would be to hold everything up until they meet everything they have submitted 2 years from now. But, this way, we don't have to come back in 2 years if the company meets everything they are saying. If they don't, then they don't get it. The action the board takes today tells this company they will receive what they are requesting.

## **ENTERPRISE ZONE (continues)**

Ms. McKeithen insists that she doesn't understand why we even vote on this if we're not going to scrutinize them. Mr. Hutchinson states that the board provides a vital function. Mr. Lucas, Secretary Hutchinson, Chairman Green and Ms. McKeithen all deliberate further about the necessity of why the Board needs to vote or doesn't need to vote before moving on to the next application which was Drilling Productivity Realized, LLC. Mr. Friend wanted to know if this barge would be a mobile work site and what happens when it goes out of state. Marylyn likened the barge to a trucking company or salesman that travels out of state and is based in Louisiana. She also pointed out that the employees would have to be Louisiana residents. The employees may be out on the rig for 14 days and back in for 14 days.

Mr. Montelepre asked Marylyn what the reason for the black outs were. Marylyn informed him that she blacks out the social security numbers and addresses of the owners of the companies. The next company pulled is Murphy Oil USA, Inc. Mr. Lucas asked for clarification on the problem with the Department of Environmental Quality. Mr. Montelepre stated that the penalty was only \$250.00 and not worth taking up any time. Mr. James Kowitz, Refining Manager, Murphy Oil USA, Inc. assured the board that the issue with the \$250.00 fine was paid. There are letters on file verifying the 2 other warnings have also been resolved.

- **A motion was made by Gordon A. Burgess, seconded by John G. Vickers to approve all the Enterprise Zone applications except 2. Motion carried by a vote of 10/1 with Ms. McKeithen abstaining.**
- **A motion was made by Mayor Harold L. Cornett, seconded by Secretary Don Hutchinson to defer Richwood Correctional Center, LLC and River Correctional Center, LLC. Motion carried unanimously.**



## **INDUSTRIAL TAX EXEMPTION (New & Additions)**

John Jernigan presented seven Industrial Tax Exemption applications with a request to defer Capro.

- **A motion was made by Rustin D. “Rusty” Johnson, seconded by John friend to defer Capro, Inc. Motion carried unanimously.**
- **A motion was made by John G. Vickers, seconded by Mayor Harold L. Cornet to approve the remaining applications. Motion carried unanimously.**

John presented 102 renewal contracts.

- **A motion was made by Rodney Braxton, seconded by Secretary Don Hutchinson to approve the renewal applications. Motion carried unanimously.**

## **OLD BUSINESS**

Mr. Lucas presented the rules concerning the Enterprise Zone Program. Under the new rules, the current level of employment must be increased by 10% with a minimum of 1 net new jobs within the first 12 months or 5 net new jobs within the first 24 months. 35% of the net new employees must qualify under rule 709 which is urban, 710 which is rural and 711 & 712 which have to do with the Economic Development process. The new change was that a company could hire and make application under the Enterprise Zone Program if they hire 10% of their net statewide employees with a minimum of 1. The employee must be a resident of Louisiana for 30 days. They must be unemployable. Marylyn Friedkin stated that unemployment is not public assistance. Unemployment is an insurance that is paid by the company on an employee basis.

Mr. Green recalled the motion to have the board meetings every other month beginning in February, 2003. Mr. Mike Williams made some suggestions that would help the transition to the new process. He stated that the information packages will be sent to the board members at least 3 weeks ahead of time and that any questions by the board members be asked before the meeting to allow the department time to research.

- **A motion was made by Mr. Green, seconded by Mr. Lucas to approve the meeting date change to every other month. Motion carried unanimously.**

Mr. Mike Williams enlightened the board on the progress being made by the department concerning inspections and employee certifications. Mr. Williams stated that some of the employees in the department would be assisting with employee certifications and inspections.

Mr. Lucas wanted to know if 2 more positions to help with the inspections were being added. Mr. Hutchinson stated that 2 positions, a manager position to coordinate the inspections is being added and they are still working with the commission of administration for the other position but because of the overall budget feature, authorization for the other position is slim. Mr. Green said that if he remembered right, there were suppose to be 2 inspection positions, and now we are talking about a manager. Mr. Hutchinson said it would be the manager who would coordinate the activities of the entire staff to get the inspections done. The goal is to get the inspections done. Mr. Green stated that this was not the understanding he got from the legislative auditor and we could be criticized for that. Mr. Braxton emphasized the critical need for the inspections to be done and that his main concern is for Marylyn and the department to get some help. Mike Williams agreed with Mr. Braxton that the main objective was to make sure these things are getting done and that progress is being made. Mr. Green applauds the progress but doesn't know that we are living up to what we said we were going to do. Mr. Hutchinson feels confident that once the full time manager is in place the equivalent of two positions will be working on the

inspections and certifications if not more but at minimum equivalent of two positions. Mr. Montelepre inquired if the inspections have to be done physically on site. Mike Williams answered yes the inspections have to be done on site. Mr. Lucas wanted to know where the money was coming from to fund the hiring of the new military cluster positions. Mr. Hutchinson assured the board that the money does not come out of our budget.

Ms. McKeithen wanted to reflect upon what her concerns were earlier and for the staff and the board to know that these are the same concerns she has with the process. We certainly want businesses to come here and want to promote economic development, but the legislature has laid out particular types of businesses to satisfy certain criteria that we want to attract here and not give the tax incentive to all businesses but to the ones that fit the criteria. With the budget problems we have, we can't afford to give the tax incentive to everybody. We want to make sure we are getting something for our money. My concern with the process is to make sure we are taking care of the inspections and the certifications. The legislative auditor's concern is to make sure the staff is there to check for us to make sure the applications are in the right order and the businesses fit the criteria. If we don't have the necessary information to make informed decisions, we shouldn't be voting on it. And, what we are talking about right now goes to the heart of that.

Mr. Montelepre addressed the emissions disclosure information section on the application. The first question asked, is if you are under any citations. Warning letters are not citations. The second question asked will you meet all the environmental standards. This question is not on the Ad Valorem Tax Exemption application which is not too consistent. John confirmed that the question is not on the application. Mr. Montelepre suggested dropping a form letter to DEQ letting them know what is coming up before the board. If they have something to say, they can come, if they don't we should just accept the application for what they say because we don't have the ability to investigate. The applicants are swearing to this under penalty of perjury. We shouldn't drag these guys down here from Arkansas over a \$250.00 penalty and two warning letters. It is really useless to ask this question of some applicants and not others. The ones we don't ask are the bulk of what we are doing on this board. We are over looking the plants with of budget of millions and millions of dollars if they pollute. We don't ask them if they are violating any standards but we ask the Quality Jobs, Restoration Tax Abatement and The Enterprise Zone applicants if they are. It seems inconsistent.

Mr. Green asked if the committee; Ms. McKeithen, Mr. Shaddock and Mr. Friend appointed last month would be able to give us a report by the December meeting.

- **Mr. Lucas made a motion to adjourn, seconded by Mr. Green.**

**MEETING ADJOURNED**



